

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 27, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1873

Introduced by Assembly Member Huffman

February 16, 2010

An act to add ~~Section 38576 to the Health and Safety Sections 16480.45 and 20194.5 to the Government Code, and to amend Section 11797 of the Insurance Code, relating to air pollution~~ *Property Assessed Clean Energy Bonds*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1873, as amended, Huffman. ~~PACE bonds – market-based compliance mechanism revenues. *Property Assessed Clean Energy (PACE) bonds*.~~

~~The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020. The state board is required by January 1, 2011, to adopt greenhouse gas emissions limits and emission reduction measures by regulation to achieve the prescribed emission reductions. The act authorizes the state board to include the use of market-based compliance mechanisms in these regulations.~~

Existing law requires the Treasurer to invest or make deposits in banks and savings and loan associations of revenues in the Pooled Money Investment Account in accordance with designations specified by the Pooled Money Investment Board.

The Board of Administration of the Public Employees' Retirement System is authorized to make any investment authorized by law, including, among others, an investment in real property.

The State Compensation Insurance Fund is authorized to purchase general obligation bonds or other evidence of indebtedness issued by the state.

Existing law authorizes a legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized officials and property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property. Existing law authorizes a public agency to issue bonds to finance that work, to be repaid by voluntary contractual assessments ~~(financing bonds)~~.

Existing law defines a Property Assessed Clean Energy (PACE) bond as a bond that is secured by a voluntary contractual assessment as previously described or by a voluntary contractual assessment or a voluntary special tax on property to finance the installation of distributed generation renewable energy sources, or energy or water efficiency improvements that are levied pursuant to a chartered city's constitutional authority under Section 5 of Article XI of the California Constitution.

~~This bill would authorize the state board, upon appropriation by the Legislature, to use revenues collected from market-based compliance mechanisms to purchase those financing bonds and bonds secured by a voluntary contractual assessment or a voluntary special tax on property, to finance the installation of distributed generation renewable energy sources, or energy or water efficiency improvements levied pursuant to a chartered city's constitutional authority. Treasurer, upon direction of the Pooled Money Investment Board, the Board of Administration of the Public Employees' Retirement System, and the State Compensation Insurance Fund to purchase PACE bonds from specified funds.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Global climate change poses serious risks to California's
4 public health and natural environment, including significant threats
5 to air and water quality and irreparable damage to ecosystems and
6 wildlife.

7 (b) This state has established clear policy goals, through
8 measures such as the California Global Warming Solutions Act
9 of 2006 (Division 25.5 (commencing with Section 38500) of the
10 Health and Safety Code), to address global climate change.

11 (c) The Legislature has also established clear policy goals to
12 promote energy efficiency, reduce the state's reliance on fossil
13 fuels, and increase the state's energy independence.

14 (d) The promotion of renewable energy sources along with
15 increased efficiency reduces pollution and greenhouse gas
16 emissions and has a positive effect on air quality.

17 (e) Investment in energy and water efficiency improvements is
18 also of benefit to California's economy, stimulating financial
19 investments and creating new jobs.

20 (f) The protection of California's natural resources helps
21 stimulate our economy, especially industries related to tourism,
22 fishing, and new technologies, as well as enhancing citizens'
23 quality of life.

24 (g) Residential property improvements to energy and water
25 efficiency financed by contractual assessments authorized by
26 Section 5898.20 of the Streets and Highways Code, or a voluntary
27 contractual assessment or voluntary special tax that is levied
28 pursuant to a chartered city's constitutional authority, provide a
29 public benefit to everyone in California.

30 SEC. 2. *Section 16480.45 is added to the Government Code,*
31 *to read:*

32 16480.45. *In addition to any other investment authorized by*
33 *this article, the Treasurer may invest in Property Assessed Clean*
34 *Energy (PACE) bonds, as defined in Section 26104 of the Public*
35 *Resources Code.*

36 SEC. 3. *Section 20194.5 is added to the Government Code, to*
37 *read:*

20194.5. *In addition to the other investments authorized by this article, the board may invest in Property Assessed Clean Energy (PACE) bonds, as defined in Section 26104 of the Public Resources Code.*

SEC. 4. *Section 11797 of the Insurance Code is amended to read:*

11797. (a) The board of directors shall cause all moneys in the State Compensation Insurance Fund which are in excess of current requirements to be invested and reinvested, from time to time, in the same manner as provided for private insurance carriers pursuant to Article 3 (commencing with Section 1170) of Chapter 2 of Part 2 of Division 1.

(b) (1) (A) Notwithstanding any other ~~provision of~~ law, the State Compensation Insurance Fund may purchase general obligation bonds or other evidence of indebtedness issued by the state, including, but not limited to, notes issued pursuant to Part 5 (commencing with Section 17300) of Division 4 of Title 2 of the Government Code or warrants issued pursuant to Part 4 (commencing with Section 17000) of Division 4 of Title 2 of the Government Code, in any amount and to enter into purchase contracts with the state for this purpose.

(B) *Notwithstanding any other law, the State Compensation Insurance Fund may purchase Property Assessed Clean Energy (PACE) bonds, as defined in Section 26104 of the Public Resources Code.*

(2) The bonds or other evidence of indebtedness specified in paragraph (1), upon delivery to the State Compensation Insurance Fund, shall, for all purposes, be valid and binding obligations of the issuer thereof, be validly issued and outstanding in accordance with their stated terms, and not be deemed to be owned by or on behalf of the issuer thereof.

~~SEC. 2. Section 38576 is added to the Health and Safety Code, to read:~~

~~38576. (a) The state board may use revenues collected pursuant to this part to purchase Property Assessed Clean Energy bonds, upon appropriation by the Legislature for that purpose.~~

~~(b) For purposes of this section, "Property Assessed Clean Energy bond" or "PACE bond" means a bond that is secured by a voluntary contractual assessment on property authorized pursuant to paragraph (2) of subdivision (a) of Section 5898.20 of the Streets~~

1 and Highways Code or by a voluntary contractual assessment or
2 a voluntary special tax on property to finance the installation of
3 distributed generation renewable energy sources, or energy or
4 water efficiency improvements that is levied pursuant to a chartered
5 city's constitutional authority under Section 5 of Article XI of the
6 California Constitution.

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